

## *Steve Westly* *California State Controller*



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**FOR IMMEDIATE RELEASE**

### ***INVESTORS BUY CALIFORNIA'S SHORT-TERM BONDS AT 1.13% INTEREST RATE***

**Sacramento, June 11, 2003** – State Controller Steve Westly today announced that investors have agreed to purchase the full \$11 billion in Revenue Anticipation Warrants needed to sustain the State's cash flow into the next fiscal year. The Controller's Office received 52 bids from 10 bidders (bidders can submit multiple bids), and the winning bids have an average interest rate of 1.13%.

"In an extremely difficult financial situation, we were able to sell the bonds we need at very low rates," Westly said. "We saved tens of millions of dollars, and we can now ensure that critical State services continue through the summer."

The low interest rates reduced the total cost to taxpayers by at least \$50 million. The total cost to borrow the \$11 billion, including fees, credit enhancement, and interest, will be \$210 million, for a total issuance rate of 1.91%. This is a substantially lower rate than the State would have received without credit enhancement.

The RAW offering was appealing to investors in large part due to credit enhancement, which is a promise by a group of large financial institutions to repay the RAWs when they mature if the State is unable to pay.

The RAW proceeds will be received June 18 and are expected to sustain the State's cash flow through August.

Westly concluded, "We still need a budget or California's long-term financial reputation – and our ability to borrow in the future – will be severely damaged."

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[Fact Sheet on the RAW Sale](#)